

DAVID PRICE  
4TH DISTRICT  
NORTH CAROLINA



COMMITTEE ON APPROPRIATIONS

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CONGRESS OF THE UNITED STATES  
HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515

October 15, 2003

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The Honorable Steven R. Blust, Chairman  
Federal Maritime Commission  
800 North Capitol Street, NW  
Washington, DC 20573

P3-03

Dear Chairman Blust:

I am writing in support of a petition filed by the United Parcel Service (UPS) for an exemption from the prohibition on Non-Vessel Operating Common Carriers (NVOCCs) from entering into confidential service contracts with their customers (Petition P3 -03).

In the late 1990s, most NVOCCs were small enterprises that neither owned ocean vessels nor the cargo being shipped. As a result, Congress determined in the Ocean Shipping Reform Act (OSRA) revisions of 1998 that NVOCCs should operate under a published tariff system when dealing with their customers in order to protect shippers and to guarantee liability.

The U. S ocean shipping industry has changed dramatically since passage of OSRA, characterized by unprecedented consolidation among ocean carriers resulting in the loss of major U.S. flagged carriers. In an effort to offer customers a full range of services, these same carriers have created vertically integrated logistics companies that now compete with NVOCCs

UPS operates the most sophisticated, integrated, intermodal transportation network in the world, including air, rail and surface and NVOCC transportation, and is deemed a "carrier" in the surface and air freight industries. UPS also makes significant annual capital investments in its asset-based transportation infrastructure. These facts should assuage any concerns previously raised about NVOCCs that were the basis for prohibiting confidential service contacts.

While anticipating changes in the ocean shipping industry with the passage of OSRA, Congress granted the Federal Maritime Commission (FMC) broad exemption authority because it could not contemplate how fast or how smoothly the market could adapt to these changes. I believe that granting this petition would acknowledge these changes, level the playing field between NVOCCs and vessel operators, and ultimately benefit ocean shipping consumers.

I urge the FMC to give the UPS petition all due consideration and to render an equitable decision based upon the merits of the UPS case. Thank you for your time and attention.

Sincerely,

DAVID PRICE  
Member of Congress

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